The Manitoba Milk Prices Review Commission

ANNUAL REPORT

1981 - 1982

ANNUAL REPORT OF THE MANITOBA MILK PRICES REVIEW COMMISSION

APRIL 30, 1981 - MARCH 31, 1982

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MANITOBA MILK PRICES REVIEW COMMISSION
915 - 401 YORK AVENUE
WINNIPEG, MANITOBA
R3C 0P8

TELEPHONE 944-4807
AREA CODE 204

JULY 31, 1982

THE HONOURABLE B. URUSKI
MINISTER OF AGRICULTURE
LEGISLATIVE BUILDING
WINNIPEG, MANITOBA

SIR:

PURSUANT TO THE REQUIREMENTS OF SECTION 7, SUBSECTION (1), "THE MILK PRICES REVIEW ACT" BEING CHAPTER 63 OF BILL 86 ASSENTED TO JULY 29, 1980, WE HAVE THE HONOUR TO TRANSMIT TO YOU THE ANNUAL REPORT OF THE MANITOBA MILK PRICES REVIEW COMMISSION FOR THE YEAR ENDED MARCH 31, 1982.

RESPECTFULLY SUBMITTED,

THE MANITOBA MILK PRICES REVIEW COMMISSION

CHAIRMAN

MANITOBA MILK PRICES REVIEW COMMISSION
915 - 401 YORK AVENUE
WINNIPEG, MANITOBA
R3C 0P8

TELEPHONE 944-4807
AREA CODE 204

JULY 31, 1982

HER HONOUR
THE LIEUTENANT-GOVERNOR OF THE
PROVINCE OF MANITOBA
WINNIPEG, MANITOBA

MADAM:

I HAVE THE HONOUR TO PRESENT HEREWITH THE ANNUAL REPORT OF THE MANITOBA MILK PRICES REVIEW COMMISSION FOR THE YEAR ENDED MARCH 31, 1982.

I HAVE THE HONOUR TO BE, MADAM,

YOUR HONOUR'S OBEDIENT SERVANT,

MINISTER OF AGRICULTURE

MEMBERS OF THE MANITOBA MILK PRICES REVIEW COMMISSION

Dr. Clay Gilson	Chairman
Mr. John R. Nixon	Vice-Chairman
Mr. Blake McMillan	Member
Mr. John Paxton	Member
Mr. Sigfried Peters	Member
Mrs. June Sveinson	Member
Mr. Toby Trimble Jr.	Member
Mr. D. Tully	Secretary

INTRODUCTION

The Milk Prices Review Act, assented to by the Legislative Assembly of Manitoba July 29, 1980, governs the work and activities of the Commission. Among the wide range of responsibilities assigned to the Commission under the legislation, some of the more important duties include: the development of a cost of production formula as the basis for fixing the price of fluid milk for producers, the monitoring of prices at all levels in the fluid milk industry and the authority to establish maximum and minimum prices charged by distributors and retailers when the Commission deems such controls to be necessary.

The Commission has continued the extensive discussions with officials and representatives of the Manitoba Milk Producers' Marketing Board, the milk processors in Manitoba and the Consumers' Association of Canada, Manitoba Branch. These discussions have permitted the Commission to gain a better understanding of the fluid milk industry in Manitoba and to receive valuable advice and suggestions relating to the discharge of its responsibilities. In almost all instances, the Commission met with and discussed the objectives, reasons for and implications of its decisions with representatives of various sectors of the fluid milk industry before proceeding with the major actions outlined below.

The Commission received the completed cost of production study from its consultant in June 1981. Based on this study, the Commission decided to increase the price of fluid milk to producers from $41.08 to $43.90 per hectolitre, effective June 26, 1981 (see Manitoba Regulation No. 45/81 Appendix A). The study also developed a cost of production formula for updating the cost study as provided for in the legislation included in the Milk Prices Review Act, Section 3 Paragraph (2).

The Commission decided to increase the price of fluid milk from $43.90 to $45.96 per hectolitre effective September 29, 1981 after having monitored the cost of production formula and ascertained

THAT THE FORMULA INDICATED THAT THE COST OF PRODUCTION HAS INCREASED IN EXCESS OF 2% AS INDICATED IN THE LEGISLATION SECTION 3 SUBSECTION (3). THIS PRICE WAS ESTABLISHED BY MANITOBA REGULATION No. 209/81 APPENDIX A. THE COMMISSION INITIATED AND HAD COMPLETED A STUDY OF THE COST OF PRODUCING MILK IN THE NORTHERN REGION OF MANITOBA FOR THE PURPOSE OF ESTABLISHING A COST DIFFERENTIAL IF ANY, OF PRODUCING MILK IN SUCH AREAS TO FORM THE BASIS FOR A VARIANCE IN PRODUCER PRICES.

THE COMMISSION AFTER HEARING AND DUE DELIBERATION WITH COUNSEL DISMISSED THE MANITOBA MILK PRODUCERS' MARKETING BOARD APPLICATION FOR REVIEW OF THE COST OF PRODUCTION FORMULA ESTABLISHED BY THE COMMISSION AND THE PRICE ESTABLISHED PURSUANT TO THAT FORMULA. THIS DECISION WAS ESTABLISHED BY MANITOBA REGULATION No. 34/82 ON JANUARY 26, 1982, AFTER PROVIDING THE MANITOBA MILK PRODUCERS' MARKETING BOARD WITH ITS FINDINGS AND DECISION ON SEPTEMBER 21, 1981. THIS DECISION AND REGULATION IS CURRENTLY BEING APPEALED BY THE MANITOBA MILK PRODUCERS' MARKETING BOARD TO THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL. THE COMMISSION IS CONTINUING ITS ARRANGEMENT WITH THE CONSUMERS' ASSOCIATION OF CANADA (MANITOBA) FOR MONITORING THE RETAIL PRICE OF MILK. THE COMMISSION OBTAINED THE SERVICES OF THE FIRM MAGNUS & RUFFIE, CHARTERED ACCOUNTANTS FOR THE PURPOSE OF SIMPLIFYING THE ANNUAL REVIEW FORMS. INPUT CHANGE REQUIREMENTS WERE MADE IN CONSULTATION WITH PROCESSORS, WHO WERE CONCERNED ABOUT THE TIME AND THEREFORE COST OF COMPLETING THE FORMS. THE NEW ABBREVIATED FORMS WILL BE IN USE WITH THE 1981 RETURNS.

THE COMMISSION MET TWENTY-TWO TIMES AND HEARD FROM PRODUCERS, PROCESSORS, CONSUMERS AND OTHER AGENCIES OUTSIDE THE PROVINCE ON VARIOUS OCCASIONS DURING THE YEAR. MEMBERS ATTENDED A NUMBER OF ANNUAL MEETINGS OF PRODUCERS, PROCESSORS, NATIONAL DAIRY COUNCIL, ETC. IN THE COURSE OF THEIR DUTIES. THE EXECUTIVE SECRETARY RESIGNED FROM THE COMMISSION EFFECTIVE DECEMBER 31, 1981 BUT CONTINUED ON A PER DIEM BASIS UNTIL NEW STAFF BECOMES AVAILABLE.

THE COMMISSION BELIEVES THAT A HEALTHY AND STABLE INDUSTRY IN MANITOBA WILL RESULT FROM ITS ACTS AND IS OF MUTUAL INTEREST TO ALL PARTIES INVOLVED.

MILK PRODUCTION, MANITOBA

MONTH	TOTAL		CLASS I MILK		CLASS I MILK AS % OF TOTAL	
	1981-82	1980-81	1981-82	1980-81	1981-82	1980-81
	MILLION LITRES				PERCENT	
APRIL	22.39	21.59	8.65	8.46	38.63	39.18
MAY	23.65	23.03	8.43	9.08	35.64	39.43
JUNE	23.77	23.04	8.48	8.46	35.67	36.72
JULY	22.50	23.23	8.59	8.53	38.18	36.72
AUGUST	21.50	22.70	8.21	8.42	38.19	37.09
SEPTEMBER	20.34	20.90	8.61	8.60	42.33	41.15
OCTOBER	19.88	20.27	9.12	9.53	45.87	47.02
NOVEMBER	19.24	19.18	8.55	8.12	44.44	42.34
DECEMBER	20.78	20.25	9.03	8.96	43.46	44.25
JANUARY	21.59	20.82	8.56	8.76	39.65	42.07
FEBRUARY	20.11	19.68	8.10	7.99	40.28	40.60
MARCH	23.04	22.80	9.03	8.66	39.19	37.98

PRODUCER AND CONSUMER PRICES, FLUID MILK

MARCH 31, 1982 BY PROVINCE

PROVINCE	PRODUCER PRICE/HL	AVERAGE RETAIL PRICE 2L 2% MILK
NEWFOUNDLAND	- . -	2.02
PRINCE EDWARD ISLAND	42.39	1.64
NOVA SCOTIA	45.19	1.54
NEW BRUNSWICK	45.57	1.70
QUEBEC	43.96	.73 (1L)
ONTARIO	43.86	1.70
MANITOBA	45.96	1.41
SASKATCHEWAN	44.85	1.47
ALBERTA	44.81	1.41
BRITISH COLUMBIA	52.083	1.74

THE MANITOBA MILK PRICES REVIEW COMMISSION

Auditor's Report and Financial Statements
for the year ended March 31, 1982

PROVINCE OF MANITOBA
PROVINCIAL AUDITOR

PROVINCE OF MANITOBA
PROVINCIAL AUDITOR

THE MANITOBA MILK PRICES REVIEW COMMISSION

AUDITOR'S REPORT

I report that the accounts and financial statements of The Manitoba Milk Prices Review Commission have been examined under my direction for the fiscal year ended March 31, 1982. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements, being Exhibits A and B, together with the notes thereto, present fairly the financial position of the Manitoba Milk Prices Review Commission as at March 31, 1982 and the results of its operations for the year then ended. The financial statements were prepared on an accounting basis consistent with that of the preceding period and are in agreement with the books of the Commission.

W.K. Ziprick, C.A.,
Provincial Auditor.

June 7, 1982,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA MILK PRICES REVIEW COMMISSION

Balance Sheet
as at March 31, 1982
(with 1981 figures for comparison)

ASSETS

	1982	1981
Current Assets:		
Cash	$ 4,443	$ 52,133
Accounts Receivable:		
Grant from the Province of Manitoba	-	2,700
	$ 4,443	$ 54,833

LIABILITIES AND SURPLUS

Current Liabilities:		
Accounts payable and accrued liabilities	$ 2,154	$ 32,468
Surplus, Exhibit B	2,289	22,365
	$ 4,443	$ 54,833

Exhibit B

THE MANITOBA MILK PRICES REVIEW COMMISSION

Statement of Income and Expenditure and Surplus
for the year ended March 31, 1982
(with 1981 six month operating period figures for comparison)

	1982	1981
Income:		
Grant from the Province of Manitoba	$ 65,932	$ 76,575
Expenditure:		
Annual report	$ 515	$ 500
Commission - Salaries and benefits	12,054	7,407
- Travel, and meetings	7,106	2,780
Office and postage	1,056	508
Professional fees	43,379	39,780
Salaries and benefits (Note 2)	17,558	1,660
Sundry	2,181	958
Telephone	2,159	617
	86,008	54,210
Income (under) over expenditure,	(20,076)	22,365
Surplus, beginning of the year	22,365	-
Surplus, end of the year, Exhibit A	$ 2,289	$ 22,365

THE MANITOBA MILK PRICES REVIEW COMMISSION

Notes to Financial Statements

1. The Milk Prices Review Act was enacted effective September 29, 1980. This Act established The Manitoba Milk Prices Review Commission to monitor prices of fluid milk and, if necessary, to set maximum and/or minimum prices at which fluid milk may be sold to consumers.

2. The Province of Manitoba provides the services of an Executive Secretary, office accomodations and other miscellaneous administrative services at no charge to the Commission.

Manitoba Regulation 146/81

Being

THE MANITOBA MILK PRICES REVIEW COMMISSION ORDER NO. 1/81

Made Pursuant to The Milk Prices Review Act, Establishing a Cost of Production Formula Reflecting the Cost of Production of Milk for Use as Fluid Milk in Manitoba and Fixing Prices Determined by that Formula for the Sale of Milk by a Producer or a Producer Board for Use as Fluid Milk, and Repealing a Portion of Manitoba Regulation No. 101/78 as Amended by Manitoba Regulation Nos. 110/79, 8/80 and 202/80, and Repealing Manitoba Regulation No. 242/80

(Filed June 26, 1981)

ORDER

1. In this order "area" means an area designated by the Milk Control Board of Manitoba in the "Milk Control Regulations" (Manitoba Regulation No. 184/77).

2. The Commission hereby —

   a) establishes pursuant to subsection 2 of section 3 of The Milk Prices Review Act, on the basis of information obtained from a survey of the cost of production of milk on farms in Manitoba, the cost of production formula which is set forth in Schedule 1 of this Order, and reflects the cost of producing milk for use as fluid milk in Manitoba including a reasonable return on their investment to the producers of milk, and

   b) fixes the prices as determined by the formula at which milk may be sold by a producer or producer board for use as fluid milk as hereinafter set out:

3. The schedule set out in section 9 of Manitoba Regulation No. 101/78 as amended by Manitoba Regulation Nos. 110/79 and 8/80, and varied by Manitoba Regulation No. 202/80, is hereby repealed and the following substituted therefor:

SCHEDULE

Area	Price for 1 hectolitre of milk testing 3.6 kilograms butterfat f.o.b. distributors plant
Southern Manitoba	$43.90
The Pas	44.76

4. Manitoba Regulation No. 242/80 is hereby repealed.

5. This order shall come into force on the 1st day of July, 1981, or on the day on which it is filed with the Registrar of Regulations, whichever is the later.

IN WITNESS WHEREOF The Manitoba Milk Prices Review Commission has hereunto affixed its seal duly attested by the hands of its proper officers in that behalf this 26th day of June, A.D. 1981, at the City of Winnipeg, in Manitoba.

per: *"C. Gilson"*
Chairman

(S E A L)

per: *"D. Tilly"*
Secretary

This is Exhibit "A" to the
Certificate of Clayton Gilson
dated the 26th day of June, 1981.

"C. Gilson"
Chairman, The Manitoba Milk Prices
Review Commission

SCHEDULE I

Formula 1/81

May 1, costs per hectolitre

A.

Operating expenses	$ 4.40
Feed	17.10
Labour	11.24
Herd replacement costs	1.45
Depreciation	2.27
Manure	(.37)
Return on assets employed	5.86 = 12¢
Management fee	2.04
	$43.99

Step 1

$43.99 (indexed for formula costs)

Step 2

$43.99 − $2.61 = $41.38 (efficiency level cost adjustment)

Step 3

Add "to market costs" − $41.38 + $1.58 = $42.96

Step 4

$42.96 adjust in accordance with supply and demand indicator − 100% − $42.96

Step No. 5

$42.96 add "buffer calculation" $42.96 + .72 = $43.68

Step No. 6

$43.68 add adjustment for cost increases between May 1st to June 1st, 1981 $43.68 + .22 = $43.90

May 1, 1981

10% Buffer Calculation

B.

Type	Amount	Percentage	Price	Weight
Class I	112,222,268	.4342	42.96	—
Class II	25,055,944	.09695	35.958	3.486
Industrial	121,151,988	.46879965	35.727	16.749
Total:	258,430,200	1.0	—	20.235

Add 10% to fluid

	Actual	Increase	Price	Weight
Class I	.4342	.4774	42.96	20.509
Class II	.09695	.08956	35.958	3.220
Industrial	.46879965	.43308	35.727	15.473
Sub total	.5657	.5226	—	18.415
Total	1.0	1.0		39.202

i. $d/e = .5226/.5657 = .923811207$

ii. $f = c - b = 39.202 - 20.235 = 18.967$

iii. $\frac{f}{a} = \frac{18.967}{.4342} = (\$43.68)$

(1) Price adjusted as per price formula

(2) Class II comprised of Class II, IIA and IIB

(3) Industrial comprised of Class III, IV, V and VI

Determination of buffered price

(1) $(A \times P_1) + (B \times P_2) + (C \times P_3) = P$ pool

(2) P pool $- (F \times P_2) + (G \times P_3) / A = P$ new

A = Actual percentage of Class I milk (Class 1/total production x 100)

B_2 = Actual percentage of Class 2 milk (Class II + IIA + IIB/Total production x 100)

C_2 = Actual percentage of Industrial milk (Class III + IV + V + VI/Total production x 100)

D = Buffered percentage of Class 1 milk (A + A x 10%)

E = Conversion factor for Class 2 and Industrial to the buffer level $(100 - A)/100 - D)$

F = Buffer percentage of Class 2 milk B x E

G = Buffer percentage of Industrial milk C x E

P_1 = Price of fluid milk in component 4 of formula II

P_2 = Pool price received for Class 2 milk including subsidy calculated by summing the percentage of Class II, IIA and IIB to Class 2 multiplied by the respective prices paid for Class II, IIA and IIB and adding the subsidy for the Class.

P New is the final price for formula II

Manitoba Regulation 209/81

Being

THE MANITOBA MILK PRICES REVIEW COMMISSION ORDER NO. 2/81

Made Pursuant to The Milk Prices Review Act, Establishing a Cost of Production Formula Reflecting the Cost of Production of Milk for Use as Fluid Milk in Manitoba and Fixing Prices Determined by that Formula for the Sale of Milk by a Producer or a Producer Board for Use as Fluid Milk, and Repealing a Portion of Manitoba Regulation No. 101/78 as Amended by Manitoba Regulation Nos. 110/79; 8/80; 202/80 and 146/81

(Filed September 29, 1981)

WHEREAS effective the 1st day of July, 1981, The Manitoba Milk Prices Review Commission (the Commission) established a cost of production formula as authorized by The Milk Prices Review Act (the Act) and pursuant to the formula and the Act established prices at which a producer or a producer board may sell milk for use as fluid milk in Manitoba;

AND WHEREAS the Commission has monitored the formula and has ascertained the application of the formula (as at the date of this order) would indicate prices for milk for use as fluid milk exceeding the prices established as aforesaid by more than 2%;

NOW THEREFORE the Commission pursuant to the Act hereby makes the following Order:

ORDER

1. In this order "area" means an area designated by the Milk Control Board of Manitoba in the "Milk Control Regulations" (Manitoba Regulation No. 184/77).

2. The Commission hereby —

   a) establishes pursuant to subsection 2 of section 3 of The Milk Prices Review Act, on the basis of information obtained from a survey of the cost of production of milk on farms in Manitoba, the cost of production formula No. 2/81 which is set forth in Schedule 1 of this Order, and reflects the cost of producing milk for use as fluid milk in Manitoba including a reasonable return on their investment to the producers of milk, and

   b) fixes the prices as determined by the formula at which milk may be sold by a producer or producer board for use as fluid milk as hereinafter set out.

3. The schedule set out in section 9 of Manitoba Regulation No. 101/78 as amended by Manitoba Regulation Nos. 110/79 and 8/80, and varied by Manitoba Regulation No. 202/80 and further amended by Manitoba Regulation No. 146/81 is hereby repealed and the following substituted therefor:

SCHEDULE

Area	Price for 1 hectolitre of milk testing 3.6 kilograms butterfat f.o.b. distributors plant
Southern Manitoba	$45.96
The Pas	46.82

4. This Order shall come into force on the 1st day of October, 1981, or on the day on which it is filed with the Registrar of Regulations, whichever is the later.

IN WITNESS WHEREOF The Manitoba Milk Prices Review Commission has hereunto affixed its seal duly attested by the hands of its proper officers in that behalf this 28th day of September, A.D. 1981, at the City of Winnipeg, in Manitoba.

THE MANITOBA MILK PRICES REVIEW COMMISSION

Per: *"C. Gilson"*
Clayton Gilson, Chairman

(S E A L)

Per: *"D. Tully"*
Denis Tully, Secretary

This is Exhibit "A" to the
Certificate of Clayton Gilson
dated the 28th day of September,
1981.

"C. Gilson"
Chairman,
The Manitoba Milk Prices Review Commission

SCHEDULE I

Formula 2/81

September 1, costs per hectolitre

A.

Operating expenses	$ 4.75
Feed	17.61
Labour	11.69
Herd replacement costs	1.52
Depreciation	2.27
Manure	(.41)
Return on assets employed	6.47
Management fee	2.12
	$46.02

Step 1

$46.02 (indexed for formula costs)

Step 2

$46.02 − $2.61 = $43.41 (efficiency level cost adjustment)

Step 3

Add "to market costs" − $43.41 + 1.80 = $45.21

Step 4

$45.21 adjust in accordance with supply and demand indicator − 100% − $45.21

Step 5

$45.21 add "buffer calculation" $45.21 + .75 = $45.96

September 1, 1981

10% Buffer Calculation

B.

Type	Amount	Percentage	Price	Weight
Class I	103,197,926	40.08	—	—
Class II	22,636,001	8.79	39.41	3.46
Industrial	131,663,402	51.13	37.23	19.04
Total:	257,497,402	1.0		22.50

Add 10% to fluid

	Actual	Increase	Price	Weight
Class I	40.08	44.09	45.21	19.93
Class II	8.79	8.2	39.41	3.23
Industrial	51.13	47.71	37.23	17.76
Sub total	59.92	55.91	—	20.99
Total:	1.0	1.0	—	40.92

i. d/e = .5591/.5992 = .933

ii. f = c − b = 40.92 − 22.50 = 18.42

iii. $\frac{f}{a} = \frac{18.42}{.4008} = 45.96$

(1) Price adjusted as per price formula

(2) Class II comprised of Class II, IIA and IIB

(3) Industrial comprised of Class III, IV, V and VI

Determination of buffered price

(1) $(A \times P_1) + (B \times P_2) + C \times P_3 = P$ pool

(2) P pool − $(F \times P_2) + (G \times P_3) / A = P$ new

A = Actual percentage of Class I milk (Class I / total production x 100)

B_2 = Actual percentage of Class 2 milk (Class II + IIA + IIB / Total production x 100)

C_2 = Actual percentage of Industrial milk (Class III + IV + V + VI / Total production x 100)

D = Buffered percentage of Class I milk (A + A x 10%)

E = Conversion factor for Class 2 and Industrial to the buffer level (100 − A) / 100 − D

F = Buffer percentage of Class 2 milk B x E

G = Buffer percentage of Industrial milk C x E

P_1 = Price of fluid milk in component 4 of Formula II

P_2 = Pool price received for Class 2 milk including subsidy calculated by summing the percentage of Class II, IIA and IIB to Class 2 multiplied by the respective prices paid for Class II, IIA and IIB and adding the subsidy for the Class

P New is the final price for formula-II

Manitoba Regulation 34/82

Being

THE MANITOBA MILK PRICES REVIEW COMMISSION ORDER NO. 1/82

In the matter of an application by the Manitoba Milk Producers' Board (the Board) to the Manitoba Milk Prices Review Commission (the Commission) to review the Cost of Production Formula Established by the Commission and the Price Established Pursuant to that Formula at Which Milk may be Sold by a Producer or a Producer Board for Use as Fluid Milk in Manitoba

(Filed February 18, 1982)

ORDER

1. Upon the application of the Milk Producers' Marketing Board for a review of the cost of production formula and prices as established thereby by Order No. 1/81 of this Commission (being Manitoba Regulation No. 146/81), coming before the Commission on the 21st day of September, 1981, and upon hearing read the application and the supporting material, filed, and hearing the representations made by and on behalf of the Board, this Commission adjourned the application for consideration and the Commission having considered the application and the representations made as aforesaid, and having established an amended cost of production formula and prices for milk on the 1st day of October, 1981, by Order No. 2/81 (Manitoba Regulation No. 209/81) and the application coming before this Commission for decision this 23rd day of November, 1981, this Commission does hereby order that the application of the Manitoba Milk Producers' Marketing Board be and the same is hereby dismissed.

2. This Order shall come into force on the 1st day of February, 1982, or on the day on which it is filed with the Registrar of Regulations whichever is the later.

IN WITNESS WHEREOF The Manitoba Milk Prices Review Commission has hereunto affixed its seal duly attested by the hands of its proper officers in that behalf this 26th day of January, A.D. 1982, at the City of Winnipeg, in Manitoba.

THE MANITOBA MILK PRICES REVIEW COMMISSION

Per: *"C. Gilson"*

(S E A L)

Per: *"D. Tully"*

This is Exhibit "A" to the Certificate of Clayton Gilson dated the 26th day of January, 1982.

"C. Gilson"

Chairman, The Manitoba Milk Prices Review Commission

Manitoba Regulation 72/82

Being

THE MANITOBA MILK PRICES REVIEW COMMISSION ORDER NO. 2/82

Made Pursuant to The Milk Prices Review Act, Establishing a Cost of Production Formula Reflecting the Cost of Production of Milk for Use as Fluid Milk in Manitoba and Fixing Prices Determined by That Formula for the Sale of Milk by a Producer or a Producer Board for Use as Fluid Milk, and Repealing a Portion of Manitoba Regulation No. 101/78 as Amended by Manitoba Regulation Nos. 110/79 and 8/80, and Varied by Manitoba Regulation No. 202/80 and Further Amended by Manitoba Regulation No. 146/81 and 209/81

(Filed April 2, 1982)

ORDER

WHEREAS effective the 1st day of October, 1981, The Manitoba Milk Prices Review Commission (the Commission) established a cost of production formula as authorized by The Milk Prices Review Act (the Act) and pursuant to the formula and the Act established prices at which a producer or a producer board may sell milk as fluid milk in Manitoba;

AND WHEREAS the Commission has ascertained on the basis of information obtained from a survey of the cost of production of milk on farms in Manitoba that the formula should be amended and has further ascertained that the price at which milk may be sold by a producer or a producer board for use as fluid milk in Manitoba should be fixed by the Commission on the basis of the amended formula without regard to "area" as that word is defined in the Commission's October 1, 1981 order;

NOW THEREFORE the Commission pursuant to the Act hereby makes the following order:

1. The Commission hereby —

   a) establishes pursuant to subsection 2 of section 3 of The Milk Prices Review Act, on the basis of information obtained from a survey of the cost of production of milk on farms in Manitoba, the cost of production formula No. 1/82 which is set forth in Schedule 1 of this order, and reflects the cost of producing milk for use as fluid milk in Manitoba including a reasonable return on their investment to the producers of milk, and

   b) fixes the price as determined by the formula at which milk may be sold by a producer or producer board for use as fluid milk as hereinafter set out.

2. The schedule set out in section 9 of Manitoba Regulation No. 101/78 as amended by Manitoba Regulation Nos. 110/79 and 8/80, and varied by Manitoba Regulation No. 202/80 and further amended by Manitoba Regulation No. 146/81 and 209/81 is hereby repealed and the following substituted therefor:

SCHEDULE

Price for 1 hectolitre of milk testing 3.6 kilograms butterfat f.o.b. distributors plant	$46.02859

3. This Order shall come into force on the 5th day of April, 1982, or on the day on which it is filed with the Registrar of Regulations, whichever is the later.

IN WITNESS WHEREOF The Manitoba Milk Prices Review Commission has hereunto affixed its seal duly attested by the hands of its proper officers in that behalf this 31st day of March, A.D. 1982, at the City of Winnipeg, in Manitoba.

THE MANITOBA MILK PRICES REVIEW COMMISSION

(S E A L)

per *"C. Gilson"*
Clayton Gilson, Chairman

per *"D. Tully"*
Denis Tully, Secretary

This is Exhibit "A" to the
Certificate of Clayton Gilson
dated the 31st day of March, 1982.

"C. Gilson"
Chairman, The Manitoba Milk Prices
Review Commission

SCHEDULE I

Formula 1/82

September 1, costs per hectolitre

A.	Operating expenses	$ 4.75
	Feed	17.61
	Labour	11.69
	Herd replacement costs	1.52
	Depreciation	2.27
	Manure	(.41)
	Return on assets employed	6.47
	Management fee	2.12
		$46.02

Step 1

$46.02 (indexed for formula costs)

Step 2

$46.02 − $2.61 = $43.41 (efficiency level cost adjustment)

Step 3

Add "to market costs" − $43.41 + 1.80 = $45.21

Step 4

$45.21 adjust in accordance with supply and demand indicator − 100% − $45.21

Step 5

$45.21 add "buffer calculation" $45.21 + .75 = $45.96

Step 6

Add Northern cost of production differential

$$\frac{(2354676 \times .03)}{102{,}981{,}091} = .0685953$$

$45.96 + .0685953 = $46.0285953

September 1, 1981

10% Buffer Calculation

B.	Type	Amount	Percentage	Price	Weight
	Class I	103,197,926	40.08	—	—
	Class II	22,696,001	8.79	39.41	3.46
	Industrial	131,663,402	51.13	37.23	19.04
	TOTAL:	257,497,402	1.0	—	22.50

Add 10% to fluid

	Actual	Increase	Price	Weight
Class I	40.08	44.09	45.21	19.93
Class II	8.79	8.2	39.41	3.23
Industrial	51.13	47.71	37.23	17.76
Sub total	59.92	55.91	—	20.99
Total	1.0	1.0	—	40.92

i. d/e = .5591/.5992 = .933

ii. f = c − b = 40.92 − 22.50 = 18.42

iii. $\frac{f}{a} = \frac{18.42}{.4008} = 45.96$

(1) Price adjusted as per price formula

(2) Class II comprised of Class II, IIA and IIB

(3) Industrial comprised of Class III, IV, V and VI

Determination of buffered price

(1) $(A \times P_1) + (B \times P_2) + C \times P_3 = P$ pool

(2) P pool $- (F \times P_2) + (G \times P_3) / A = P$ new

A = Actual percentage of Class 1 milk (Class 1/total production x 100)

B_2 = Actual percentage of Class 2 milk (Class II + IIA + IIB / Total production x 100)

C_2 = Actual percentage of Industrial milk (Class III + IV + V +VI / Total production x 100)

D = Buffered percentage of Class I milk (A + A x 10%)

E = Conversion factor for Class 2 and Industrial to the buffer level $(100 - A) / 100 - D$

F = Buffer percentage of Class 2 milk B x E

G = Buffer percentage of Industrial milk C x E

P_1 = Price of fluid milk in component 4 of Formula II

P_2 = Pool price received for Class 2 milk including subsidy calculated by summing the percentage of Class II, IIA and IIB to Class 2 multiplied by the respective prices paid for Class II, IIA and IIB and adding the subsidy for the Class

P New is the final price for formula II

MANITOBA MILK PRICES REVIEW COMMISSION
915 - 401 YORK AVENUE
WINNIPEG, MANITOBA
R3C 0P8

TELEPHONE 944 4607
AREA CODE 204

JUNE 1981

RETAIL FLUID MILK PRICE SURVEY

TOWN	HOMOGENIZED 1L	2% 1L	SKIM MILK 1L
BEAUSEJOUR	.73	.71	.67
CARMAN	.70	.68	.67
CRYSTAL CITY	.75	-	-
FISHER BRANCH	.75	.73	.69
GILLAM	.93	.92	.87
GIMLI	.73	.71	.67
GRANDVIEW	.73	.71	.67
GYPSUMVILLE	.87	.83	.76
LAC DU BONNET	.74	.72	.77
MIAMI	.73	.71	.67
MINIOTA	.76	.74	.72
MORDEN	.71	.69	.65
NORWAY HOUSE	.79	.75	-
PINAWA	.74	.72	.68
SELKIRK	.68	.66	.61
SHOAL LAKE	.75	.73	.69
SNOW LAKE	.81	.79	.78
SOURIS	.73	.71	.66
SWAN RIVER	.76	.74	.70
SWAN VALLEY	.76	.74	.70
VIRDEN	.74	.72	.68

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JUNE 1981

RETAIL FLUID MILK PRICE SURVEY

CITY	HOMOGENIZED 1L	2% 1L	SKIM 1L	NO. OF STORES
BRANDON	.68	.66	.61	1
	.71	.69	.65	1
WINNIPEG	.66	.64	-	1
	.66	.66	.61	1
	.68	.65	-	1
	.68	.66	.61	6
	.68	.66	.62	1
	.71	.69	-	1
	.71	.69	.64	10
	.71	.69	.67	1
	.73	.71	.67	1
	.73	.73	-	1

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SEPTEMBER 1981

RETAIL FLUID MILK PRICE SURVEY

TOWN	HOMOGENIZED 1L	2% 1L	SKIM MILK 1L
BEAUSEJOUR	.77	.75	.71
BOISSEVAIN	.78	.76	.72
CARDALE	.78	.76	.72
CRYSTAL CITY	.79	-	-
FISHER BRANCH	.79	.77	.74
GILLAM	.98	.97	.87
GIMLI	.77	.75	.71
GRANDVIEW	.77	.75	.71
KILLARNEY	.80	.78	.74
LAC DU BONNET	.78	.76	.72
LYNN LAKE	.89	.87	.85
MELITA	.85	.83	.78
MINNEDOSA	.77	.75	.71
MORRIS	.77	.75	.71
OAK RIVER	.80	.78	.74
PINAWA	.78	.76	.72
PORTAGE LA PRAIRIE	.74	.72	.68
SNOW LAKE	.88	.86	.85
STE. ANNE	.78	.76	.72
SWAN RIVER	.79	.78	.77

MANITOBA MILK PRICES REVIEW COMMISSION
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R3C 0P8

TELEPHONE 944-6607
AREA CODE 204

SEPTEMBER 1981

RETAIL FLUID MILK PRICE SURVEY

CITY	HOMOGENIZED 1L	2% 1L	SKIM MILK 1L	NO. OF STORES
BRANDON	.75	.73	.69	1
	.71	.69	.64	1
WINNIPEG	.71	.69	.64	9
	.71	.69	.65	2
	.72	.70	.64	1
	.75	.73	.68	1
	.75	.73	-	4
	.76	.74	.69	1
	.77	.75	.75	1
	.78	.76	.71	1
	.80	.78	.75	1

MANITOBA MILK PRICES REVIEW COMMISSION
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WINNIPEG, MANITOBA
R3C 0P8

TELEPHONE 944-4867
AREA CODE 204

DECEMBER 1981

RETAIL FLUID MILK PRICE SURVEY

TOWN	HOMO II	2% II	SKIM II
BOISSEVAIN	.81	.79	.75
CARMAN	.78	.76	.74
CRYSTAL	.82	-	-
FISHER BRANCH	.82	.80	.77
GIMLI	.79	.77	.73
GRANDVIEW	.79	.77	.73
KILLARNEY	.84	.82	.80
LAC DU BONNET	.80	.78	.74
MANITOU	.80	.78	.74
MIAMI	.80	.78	.74
MINIOTA	.83	.81	.78
MINNEDOSA	.79	.77	.74
MORRIS	.80	.78	.75
PINAWA	.80	.78	-
RIVERS	.81	.79	.76
ROBLIN	.83	.80	.79
SHOAL LAKE	.82	.80	.76
SNOW LAKE	.88	.86	-
SWAN RIVER	.82	.80	.58
WHITEMOUTH	.84	.82	.77

MANITOBA MILK PRICES REVIEW COMMISSION
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WINNIPEG, MANITOBA
R3C 0P8

TELEPHONE 944-4807
AREA CODE 204

DECEMBER 1981

RETAIL FLUID MILK PRICE SURVEY

CITY	HOMO 1L	2% 1L	SKIM 1L	NO. OF STORES
BRANDON	.74	.72	.67	3
WINNIPEG	.78	.76	.73	1
	.78	.76	.72	6
	.78	.76	.71	2
	.76	.74	.72	1
	.76	.74	-	1
	.76	.74	.69	1
	.75	.73	.68	1
	.75	.72	-	1
	.74	.72	.67	9
	.74	.72	-	1
	.72	.70	.66	1

MANITOBA MILK PRICES REVIEW COMMISSION
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MARCH 1992

RETAIL FLUID MILK PRICE SURVEY

TOWN	HOMOGENIZED 3%	2%	SKIM MILK 1%
CARDALE	.84	.82	.78
CRYSTAL CITY	.84	-	-
FISHER BRANCH	.85	.83	.80
EMERSON	.82	.80	.76
GILLAM	1.03	1.02	.90
GRAND RAPIDS	.92	.89	.88
KILLARNEY	.85	.83	.81
LAC DU BONNET	.84	.82	.76
LUNDAR	.84	.82	.76
LYNN LAKE	.97	.95	.92
MCCREADY	.85	.83	.79
MELITA	.90	.88	.83
MIAMI	.81	.79	.75
MINIOTA	.83	.81	.78
MINNEDOSA	.82	.80	.76
MORDEN	.80	.78	.74
MORRIS	.82	.80	.77
PINAWA	.82	.80	.75
PINE FALLS	.85	.83	.78
POPLAR POINT	.85	.83	.79
ROBLIN	.86	.84	.82

Town	Homo $\frac{II}{II}$	$\frac{2^{n}}{II}$	Skim $\frac{II}{II}$	
St. Malo	.83	.81	-	
Shoal Lake	.84	.82	.78	
Souris	.82	.80	.76	
Steinback	.82	.80	.76	
Thompson	.85	.82	.75	
Vita	.83	.81	.76	
City				
Portage La Prairie	.77	.75	.71	2
	.79	.77	.71	2
	.83	.81	.77	3
Winnipeg	.72	.70	.66	1
	.74	.72	.67	10
	.76	.74	.67	2
	.78	.76	.71	4
	.81	.79	.74	3